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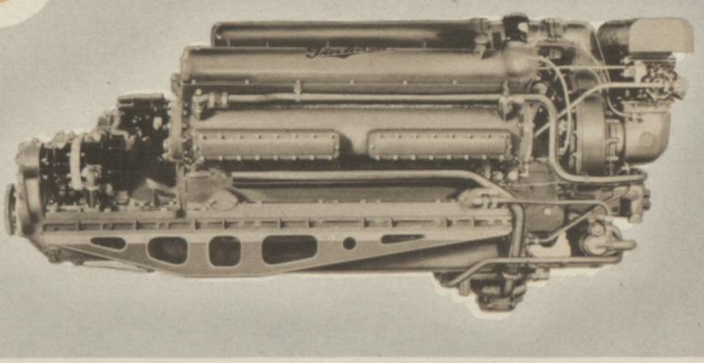
BUSINESS INFORMATION BUREAU
CORPORATION FILE

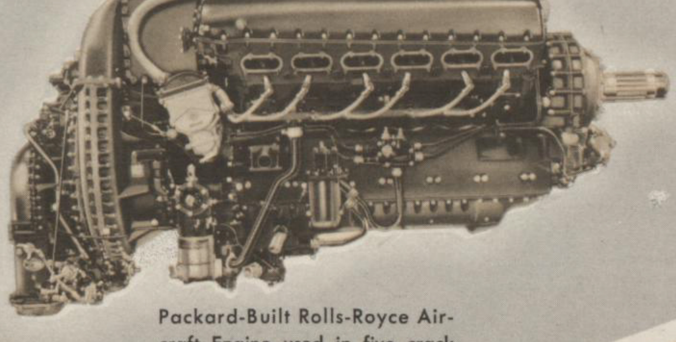
Packard Marine Engine designed and built by Packard for PT and rescue boats the world around



# PACKARD MOTOR CAR COMPANY

## *Fortieth Annual Report*
## *Year Ending December 31, 1943*

*To be submitted to stockholders at the Annual Meeting in Detroit, Michigan, Monday, April 17, 1944.*

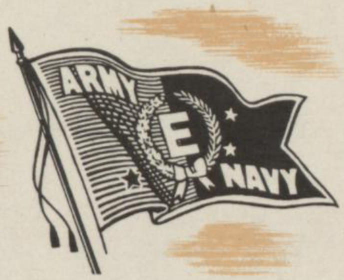


Packard-Built Rolls-Royce Aircraft Engine used in five crack fighting aircraft of the Allies

MRB
CORP. FILE

*A new wartime development in which Packard power plays a vital part — the rescue boat. Two Packard marine engines provide the speed to reach pilots downed over water. The Emergency Rescue Branch of the Army Air Forces was born in August, 1943, but its files already hold some of the world's most dramatic reports.*

OFFICIAL U. S. NAVY PH



*Proudly Packard flies an "E" flag with three stars "for continued excellence in production achievement."*

OFFICIAL U. S. NAVY PH

*Submarines, planes, and enemy vessels from cruisers to landing barges have gone down before the Navy's Packard-powered PT boats. Each PT boat is powered by three Packard marine engines. Their daring and effective exploits have been reported from the South Pacific, Aleutians, Mediterranean, and North European combat areas.*

# PACKARD MOTOR CAR COMPANY

**"Sky-Clipper," a Mustang P-51B named and donated by Packard employees through hours of work, is now fighting over Axis-occupied territory.**

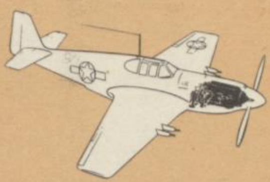
# *Annual Report for* 1943

*Proxies for the Annual Meeting to be held April 17, 1944 will be requested subsequent to the mailing of this report to stockholders. Proxy statements are expected to be sent on or about April 1, 1944.*

***Though military security precludes the publishing of certain facts, the contents of this Report have been submitted to proper authorities and approved for release.***

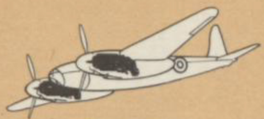
## PRECISION-BUILT POWER FOR...

**PT BOATS**

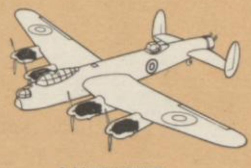


**MUSTANG**
**Fighter**

**WARHAWK**
**Fighter**



**MOSQUITO**
**Fighter-Bomber**



**LANCASTER**
**Bomber**

**HURRICANE**
**Fighter**

**RESCUE BOATS**

**CAR PARTS**

# PACKARD MOTOR CAR COMPANY

(A MICHIGAN CORPORATION)

## DIRECTORS AND OFFICERS

### *Directors*

TRUMAN H. NEWBERRY
HENRY E. BODMAN
ALVAN MACAULEY
GEO. T. CHRISTOPHER
JOSEPH M. DODGE
JAMES T. MCMILLAN
ROBERT B. PARKER

### *Officers*

ALVAN MACAULEY
*Chairman of the Board*

GEO. T. CHRISTOPHER
*President and General Manager*

J. G. VINCENT
*Vice-President of Engineering*

JAMES H. MARKS
*Vice-President of Administration*

W. M. PACKER
*Vice-President of Distribution*

EUGENE C. HOELZLE
*Comptroller*

HENRY E. BODMAN
*Vice-President and General Counsel*

HUGH J. FERRY
*Secretary and Treasurer*

MILTON TIBBETTS
*Vice-President and Patent Counsel*

A. G. DENISON
*Assistant Secretary and Assistant Treasurer*

W. B. HOGE
*Assistant Comptroller*

### *Active Subsidiary Companies*

Packard Motor Car Company of New York
Packard Motor Car Company of Chicago
Packard Motor Car Company of Texas
Atlanta Packard Motors, Inc.
Packard Motor Car Company of Canada, Limited
Packard Motors Export Corporation
Packard Motor Sales Company
Packard Limited, London, England

### *Transfer Offices*

Packard Motor Car Company
Detroit, Michigan

Guaranty Trust Company of New York
New York City

### *Registrars of Stock*

Detroit Trust Company
Detroit, Michigan

City Bank Farmers Trust Company
New York City

### *Auditors*

Price, Waterhouse & Co.

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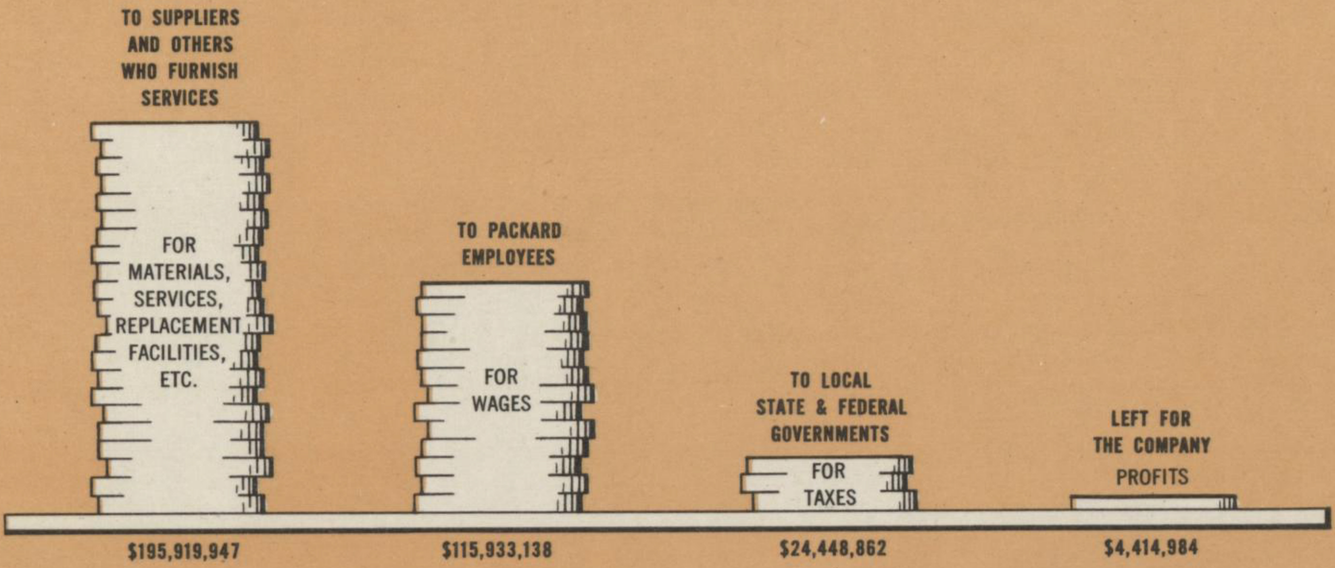
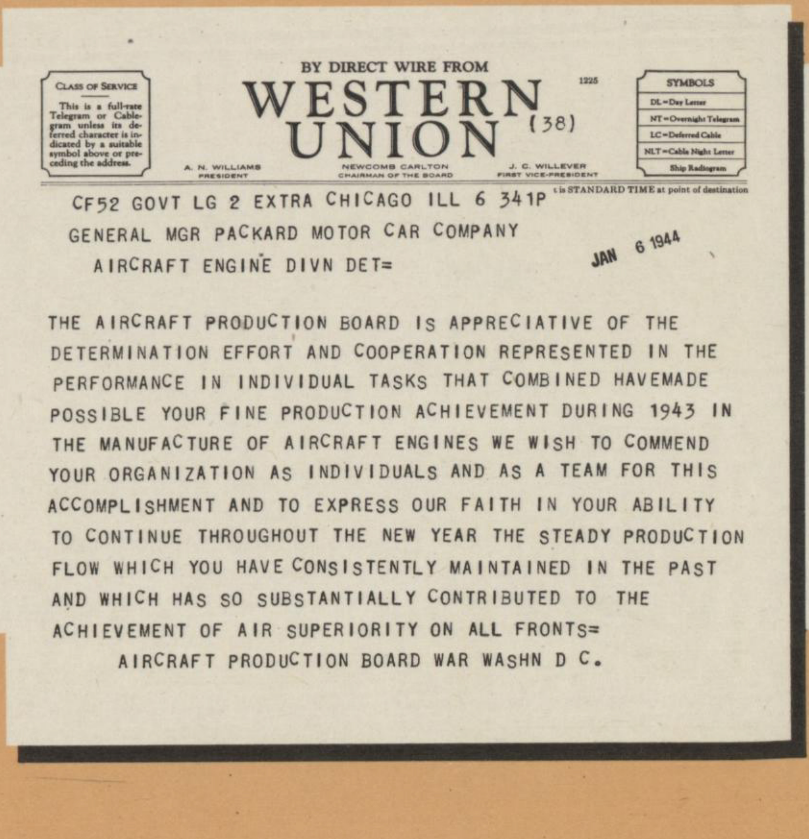
# A QUICK GLANCE AT THE PACKARD YEAR

**In 1943, your company did a business volume of $340,716,931. How this was distributed is shown by the following simple charts. They conclude with factory profits of $4,414,984* of which $1,499,134 was paid in dividends and $3,255,453 put back in the business for future needs.**

**Exclusive of branch and subsidiary profits amounting to $339,603.*



## AN INDICATION OF THE YEAR'S OPERATIONS



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WESTERN UNION (38)
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A. N. WILLIAMS
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

SYMBOLS
DL=Day Letter
NT=Overnight Telegram
LC=Deferred Cable
NLT=Cable Night Letter
Ship Radiogram

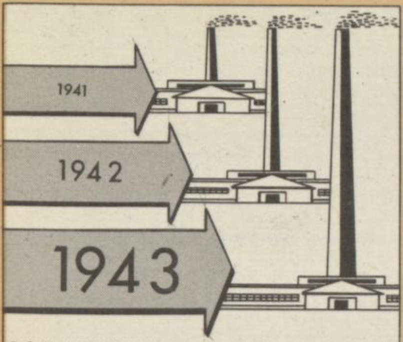
t is STANDARD TIME at point of destination

CF52 GOVT LG 2 EXTRA CHICAGO ILL 6 341P
GENERAL MGR PACKARD MOTOR CAR COMPANY
AIRCRAFT ENGINE DIVN DET=

JAN 6 1944

THE AIRCRAFT PRODUCTION BOARD IS APPRECIATIVE OF THE DETERMINATION EFFORT AND COOPERATION REPRESENTED IN THE PERFORMANCE IN INDIVIDUAL TASKS THAT COMBINED HAVEMADE POSSIBLE YOUR FINE PRODUCTION ACHIEVEMENT DURING 1943 IN THE MANUFACTURE OF AIRCRAFT ENGINES WE WISH TO COMMEND YOUR ORGANIZATION AS INDIVIDUALS AND AS A TEAM FOR THIS ACCOMPLISHMENT AND TO EXPRESS OUR FAITH IN YOUR ABILITY TO CONTINUE THROUGHOUT THE NEW YEAR THE STEADY PRODUCTION FLOW WHICH YOU HAVE CONSISTENTLY MAINTAINED IN THE PAST AND WHICH HAS SO SUBSTANTIALLY CONTRIBUTED TO THE ACHIEVEMENT OF AIR SUPERIORITY ON ALL FRONTS=

AIRCRAFT PRODUCTION BOARD WAR WASHN D C.



DOLLAR VOLUME OF FACTORY OUTPUT

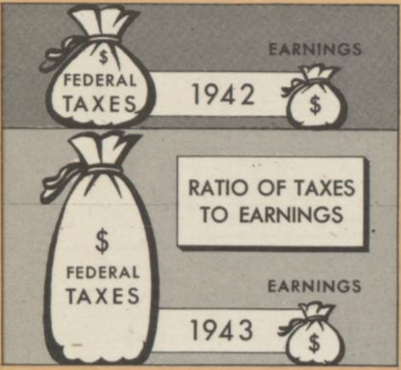
# TO THE STOCKHOLDERS OF THE PACKARD MOTOR CAR COMPANY:

The outstanding result of your company's 1943 operations was the favorable acceptance of our high-powered, precision-built engines, due to their performance. We built 70% more engines in 1943 than our record output of 1942. Greater expansion of output is required of us for 1944.

## SUMMARIZED FINANCIAL RESULTS

The financial results of our 1943 operations are compared with 1942 operations in the brief summary shown below:

| Items | 1943 | 1942 | Increase |
|---|---|---|---|
| Net Sales, Billings & Other Income | $341,261,650.18 | $223,069,601.89 | $118,192,048.29 |
| Operating Costs and Expenses | 316,007,062.79 | 208,693,364.59 | 107,313,698.20 |
| Profit Before Federal Income Taxes | $ 25,254,587.39 | $ 14,376,237.30 | $ 10,878,350.09 |
| Federal Income Taxes | 20,500,000.00 | 9,650,000.00 | 10,850,000.00 |
| Consolidated Earnings | $ 4,754,587.39 | $ 4,726,237.30 | $ 28,350.09 |
| Per Share of Common Stock | $0.317 | $0.315 | $0.002 |



We consider adequate provision has been made for renegotiation under the War Profits Control Act in our determination of earnings for 1943. Discussions are still in the preliminary stage at the present time.

Increased taxes, provision for renegotiation, reduction in price of fixed price contracts, and reduction in fee on cost-plus-fixed-fee contracts were controlling factors in our 1943 earnings. Thus they no more than approximated 1942 earnings, although volume was increased 70% in engine output and 54% in sales and billings, not including other income.

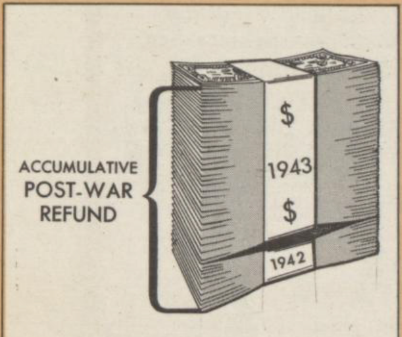
Progress in manufacturing economies in our plants and those of our suppliers, resulting in savings passed on to the United States Government, was chiefly responsible for the difference between the relative increase in output as compared with sales and billings. Increased engine costs resulting from necessary engineering improvements have been absorbed. War performance of our engines is proving the correctness of these changes.

## DIVIDENDS PAID

A dividend of $1,500,000 or 10 cents a share was paid April 5, 1943 to stockholders of record March 6, 1943.

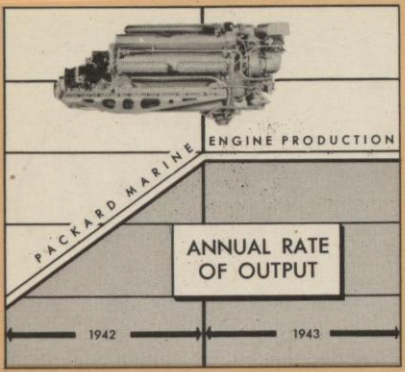
Also, a dividend of 10 cents a share was recently declared payable April 1, 1944 to stockholders of record February 19, 1944.

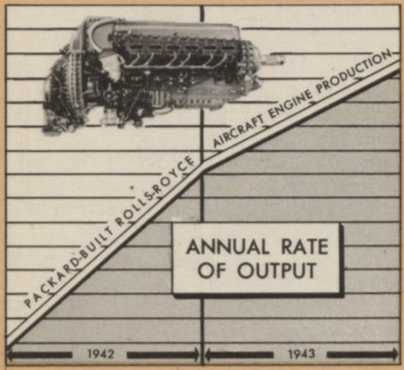
In this connection it is important to note that of the $4,754,587.39 earnings shown for 1943, $2,040,000 represents a post-war credit of 10% of 1943 excess profits taxes. This amount will not be refunded to the company until after the war, and, therefore, is not available for current use. The corresponding post-war credit for 1942 was $780,000 making an accumulated post-war credit of $2,820,000.

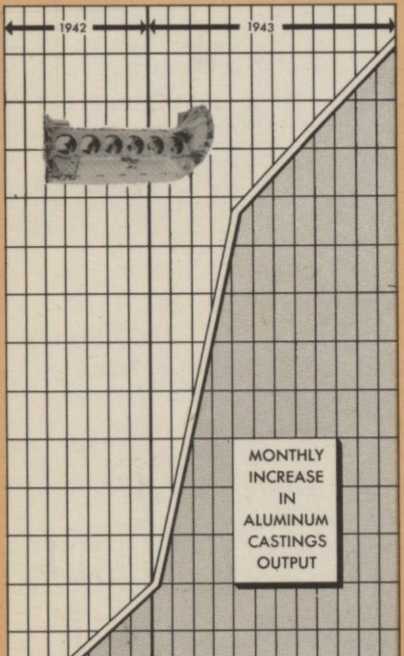


## OPERATION ACCOMPLISHMENTS

Packard's 1943 production record was a notable achievement under the conditions of "all-out" war production. Engine output was increased 70%, and at the same time engine horsepower was increased 11%, while average engine cost was reduced 22%. We have planned for an even better result for 1944 on these same items.







Intensive work and development is required for each of these improvements. It requires teamwork of everyone engaged in these endeavors, including the effective co-operation of United States Army and Navy authorities and representatives of Rolls-Royce, Limited.

We reached the peak production rate planned for PT-boat marine engines during the latter part of 1942. Capacity production was maintained during 1943 resulting in a substantial increase in the number of marine engines over 1942. We have for some time been increasing our output of marine engine spare parts, due to a larger number of engines in operation and a broader distribution of PT-boats in widespread Navy use. This increase in spare parts for marine engines will continue to grow during at least the first half of 1944.

Production of Packard-built Rolls-Royce aircraft engines reached the peak rate in July, 1942 as originally required of us. Since meeting our first production objective, we have twice been requested to increase our rate until our present goal is nearly 3½ times that originally planned. Spare parts requirements have been increased proportionately. At the present writing, we have reached the second production objective and are on our way to the third and final goal. This we should accomplish in the third quarter of 1944.

While constant engineering improvements have been placed in production during the year on both of our engines, the outstanding accomplishment was the two-stage, two-speed supercharged aircraft engine. This engine is not only in volume production but also in actual front-line operation. It provides advantages in power, speed, and higher altitudes.

What this means in air supremacy is seen from the following O. W. I. report dated Oct. 17, 1943. This official document states that, in the new North American P-51 Mustang, this "new engine gives the plane the highest ceiling (up to 40,000 feet) and the highest speed (well over 400 miles an hour) of any fighter in existence."

The engine production schedules planned for 1943 and the future were determined on the basis of our ability to produce the major component parts. This necessitated our securing a large number of additional subcontractors capable of producing the necessary quality and quantity of smaller parts. This part of the program has been accomplished.

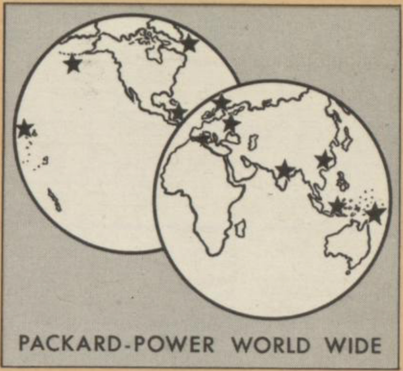
It has been desirable to keep certain parts of the expanded program under our own organization control. For this reason it was necessary to further expand our plant facilities. An addition, financed by Government funds, has been made to our main plant to take care of increased engine assembling and testing.

Also, we were offered, and decided to lease, a Government-owned plant at Toledo, Ohio, for our expansion. This plant has approximately 400,000 square feet of floor area. It is now in production on parts for our aircraft engines. Part of its area has been set aside for development engineering and "pilot" engine building and testing. Construction, placing of equipment, and assignment of personnel on this part of the job are now in progress. A large amount of development work for the Government has been agreed upon. This undertaking has very important future possibilities.

During the latter part of 1942, conditions developed in connection with essential aluminum castings which were the determining factor in our engine production, and it became advisable to convert our gray iron foundry to the production of aluminum castings. This paved the way for expansion of our aluminum foundry operations in 1943 and the output of very difficult castings was increased during the year up to the estimated plant capacity. Without this facility, it would not have been possible to meet our required engine schedule for the year.

Even with this large increase in our production, it is still not possible for us to supply all of the requirements of the Allied Nations with the aircraft engines we are manufacturing. It was impossible for Packard alone to meet the last increase proposed by the Government agencies. Therefore, we agreed to cooperate and assist any other manufacturer the Army Air Corps selected to make it possible for them to obtain additional Rolls-Royce engines to meet their increased requirements.

This outside source has recently been named. We gladly agreed to handle the engineering development and contact work for its complete program, and to assist with production information to get the job started. We have no other responsibility in connection with the additional source for these extra Rolls-Royce engines.



### PACKARD ENGINES IN COMBAT

Our product can be no more effective than the skill and intelligence of its users. In these, we are fortunate. The men in our armed forces offer a real challenge to us to match their contribution toward victory.

Since the start of war production, we have shipped more than 28,000 engines. Placed in airplanes and PT-boats and operated by the men of courage and intelligence, they are scoring to Allied advantage on all war fronts. Daily mention of these products by name establishes our contribution to winning the war.

To assist in the reliable operation of our engines, we have trained an efficient crew of field engineers on aircraft and marine engines. These engineers have done an exceptional job and are on all fronts of operation. Officers of our armed forces have been very liberal in their praise of these Packard men.

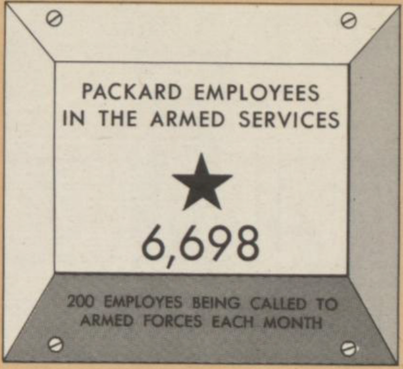
We continued training mechanics of the armed forces in operating, overhauling, maintaining, and repairing of marine and aircraft engines during the year. Thousands of these trained mechanics have been graduated from our schools instructed by Packard experts, under Navy and Army supervision.

### PACKARD WAR WORKERS

Our payroll at the year-end totaled approximately 36,000 Packard war workers, 10,000 of which were women. We have some 500 physically handicapped war workers contributing to our war effort. There are more than 200 returned service men who have been mustered out of the Army and Navy on medical discharge, now working in our organization. A total of 6,698 former Packard employees are now in military service. One of our difficult problems is to find new employees to replace 200 a month being called by the armed forces.

Total maturity value of War Bond purchases by employees through the company amounted to $18,156,650 as of the year-end.

Under the sponsorship of the "Work to Win" Management-Labor Committee, sufficient funds were donated by employees to purchase a Mustang P-51-B fighter plane. This plane was presented to the Army Air Forces with a proper dedication under the name "Sky Clipper." The plane is pictured on the inside title page of this Report. Regular reports through Army channels credit this plane with a safe trip to England and participation in five important combat missions over Europe. Second Lieutenant Bruno Peters, of Royal Oak, Michigan, the "Sky Clipper's" regularly assigned pilot, has been awarded the Air Medal for 17 sorties over enemy territory.

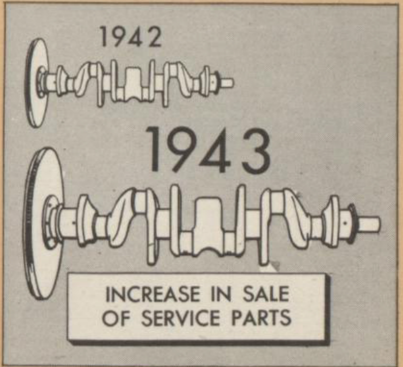


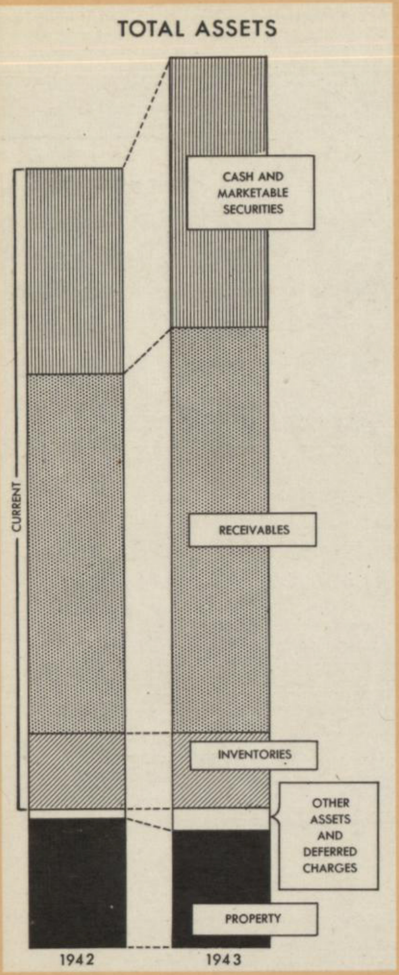
### MOTOR CAR BUSINESS

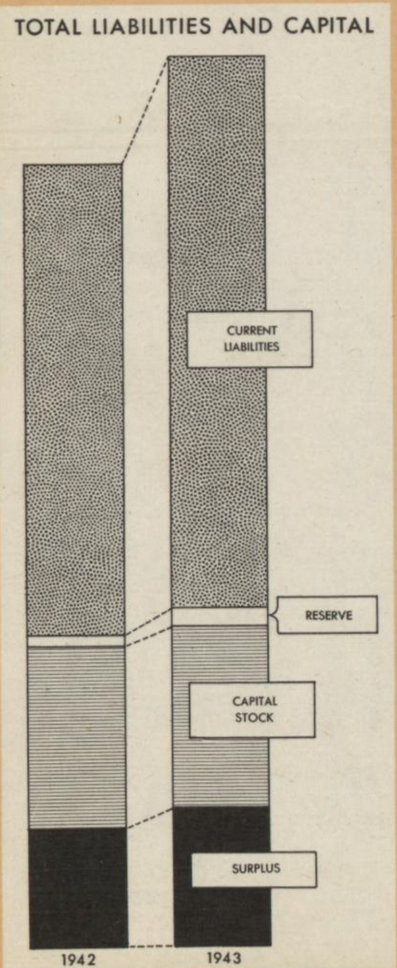
Under Government limitations of new car sales and service parts replacement, our field representation did a very creditable job. The average dealer made a profit for the second consecutive year. Dealer outlets were 8% higher than at the beginning of the year.

Car service business, reflected in factory sales of service parts and accessories, was exceptionally good in 1943, being 70% higher than in 1942. The future problem in service is to furnish parts for essential transportation. We are doing our utmost to keep Packard owners' cars in operation and repair.

Improved operations in our branches and subsidiary companies is indicated by a profit of $339,603.27 for 1943 as compared with a loss of $84,887.20 for 1942.







## FINANCIAL REVIEW

Sales and billings for 1943, as shown in the Statement of Income, and as elsewhere referred to in this Report, are after deducting the estimated provision for renegotiation of war contracts. This provision has been made on substantially the same basis as the settlement for 1942.

Selling, general and administrative expenses were $3,155,692.41, an increase of $568,937.57 for the year. This represents a 22% increase in these expenses compared with a 54% increase in sales and billings.

At the close of 1942, provision of $2,000,000 was made to take care of unforeseen contingencies including future expense in connection with the rehabilitation of our plant and facilities for return to normal business. Due largely to further dismantlement of car production facilities in 1943, as we expanded war production, an additional $1,000,000 was added to this reserve during 1943, so that our reserve for contingencies and post-war adjustments totaled $3,000,000 at December 31, 1943.

During 1943, certain sales made in prior years to the Defense Plant Corporation were rescinded, resulting in charges of $581,699.68 which were made against reserves provided therefor in 1942.

Estimated Federal income taxes before giving effect to the post-war credit amounted to $22,540,000 for 1943 or more than twice the amount for 1942. The larger tax for 1943 is due to greater taxable income and to the absence of an excess profits credit carryover such as was available in 1942.

Federal income and excess profits tax returns for the year ended December 31, 1939, and for prior years, have been audited by the United States Treasury Department. Settlements have been made and no further liability exists with respect to those years. Substantial claims for refund of Federal excess profits taxes under the relief provisions of Section 722 of the Internal Revenue Code are contemplated.

Taxes of all kinds resulting from operations of this company, its branches, and subsidiary companies, were $24,998,849.61 for 1943, as compared with $14,897,279.58 reported for the previous year.

Our investment in U. S. Government tax notes at December 31, 1943, was $16,068,500, compared with $5,013,800 at the end of 1942. In the accompanying Balance Sheet these notes are shown as a current asset, whereas on the 1942 report they were deducted from the reserve for income taxes. For comparative purposes, the 1942 year-end classification has been changed to the basis adopted this year.

Current assets increased $17,867,614.65 over the previous year of which $10,640,540.32 represented cash and marketable securities, $4,814,454.42 receivables, and $2,605,774.82 unbilled costs and fees under war contracts. Inventories were approximately the same despite a much larger volume of business.

Current liabilities were $13,250,889.24 more than a year ago. Accounts payable and accruals increased $7,760,577.50, and reserves, including income taxes and renegotiation, also increased $14,949,832.07. Advances from customer under contracts were $9,459,520.33 less.

Net working capital increased from $28,137,486.48 at the end of 1942 to $32,754,211.89 at the 1943 year end.

The net value at which properties, consisting of land, buildings and facilities were carried on our books decreased $2,330,195.55 due to provision for depreciation and amortization during the year, being in excess of expenditures for such items. We are continuing to use extensive facilities paid for by customers, including the United States Government, in our war production.

Capital and Surplus at the year end totaled $52,517,695.73 equivalent to a book value per share of $3.50, as compared with $49,262,242.34 and a book value of $3.28 at the end of 1942.

## POST-WAR PLANNING

Only 1.4% of our 1943 factory net sales and billings represented commercial business. With almost complete conversion to war work, we are limited to projecting plant layouts, organization and financial planning for the post-war future. No physical moves within our plant are possible until our war assignment is accomplished. The steps and authority necessary to permit rapid conversion to car production are being given every consideration. The Government agencies that can assist in these matters are being consulted for information to further our plans.

It is our plan, as in the past, to put our major effort on car production when peacetime work may be resumed. There is no change in our already announced intention of resuming car production with substantially the 1942 Clipper models which are proving so satisfactory in owners' hands.

Our future plans with respect to special engine production after our war job is completed, will be decided according to conditions at that time. It is our intention to try to diversify our products by finding a commercial market for engines developed during our war work.

Conditions of war contract termination are most important to us. These plans are being followed very closely so that we will be informed of requirements, as an aid to rapid reconversion to peacetime production.

One of your company officers is most active in this field, heading a committee for the automotive industry which has done outstanding work in getting many issues clarified. Their efforts are earning the praise of industry as well as military and government authorities.

### THE OUTLOOK

Total output of war products for 1944 is projected at practically double our 1943 results. Net sales and billings are forecast at substantially higher levels. As with the year just closed, the opportunity for increasing net earnings in 1944 is limited.

Our patriotic objective during 1944 is to meet our production schedules, to reduce the cost of our products and to further the war effort in every way possible. Our prime responsibility to stockholders is to protect their investment by maintaining a sound financial position. For the future of individual enterprise, private industry must be adequately financed for post-war problems. As stockholders it is essential that you realize that the profits we are allowed on war work are regulated by public policy.

Your company has gained valuable experience during its war production years. Your organization in engineering, production and inspection has expanded and developed, and will be available for post-war operations. Your sales and service organizations at the factory and in the field have been retained for key positions in our post-war work. Our future expansion finally will be governed by the efforts of these organizations.

We look forward to the future with confidence in our ability to satisfactorily complete the assignments we now have, and those we anticipate for the future, in a way that will reflect credit to the entire organization.

*Cordially yours,*

Geo. T. Christopher

PRESIDENT

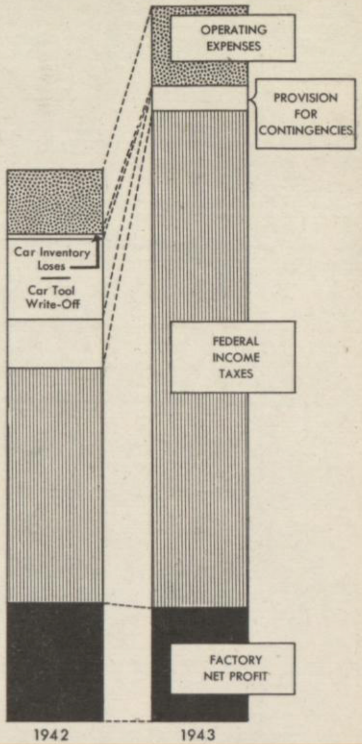
FOR THE BOARD OF DIRECTORS
APPROVED

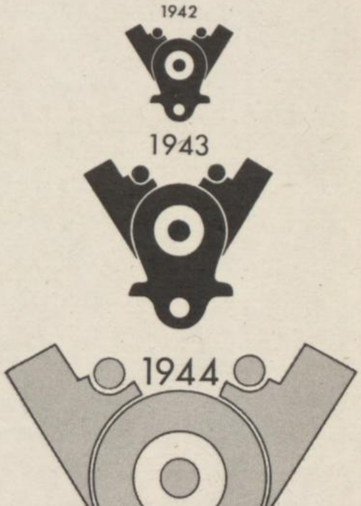
Alvan Macauley

CHAIRMAN

*March 6, 1944*

FACTORY GROSS PROFITS AND OTHER INCOME





PRODUCTION OF WAR ENGINES FOR 1944 SCHEDULED TO DOUBLE 1943 OUTPUT

# PACKARD MOTOR

(A MICHIGAN C

## ASSETS

## *and Subsidiar*

Consolidated Balance She

| | | | |
|---|---|---|---|
| **Current Assets:** | | | |
| Cash in banks and on hand, including $7,840,538.11 restricted to use in performing Government contracts | | | $ 27,043,994.10 |
| United States and Canadian Government securities at amortized cost, not over market | | | 1,128,896.52 |
| United States Government tax notes and accrued interest | | | 16,068,500.00 |
| Accounts and notes receivable, less reserves— | | | |
| Accounts receivable | | $24,340,744.44 | |
| Deferred installment notes | | 307,625.03 | 24,648,369.47 |
| Unbilled costs and fees under cost-plus-fee contracts | | | 42,213,168.84 |
| Inventories at or below cost— | | | |
| Raw material, work in process, etc. | | 11,300,552.10 | |
| Finished automobiles | | 963,719.68 | 12,264,271.78 |
| | | | $123,367,200.71 |
| **Other Assets:** | | | |
| Miscellaneous investments | | $ 107,955.47 | |
| English subsidiary company (wholly-owned) — investment and advances at cost | | 178,614.91 | |
| Post-war refund of Federal excess profits taxes (estimated) | | 2,821,150.00 | 3,107,720.38 |
| **Property Accounts:** | | | |
| Land, at cost— | | | |
| For manufacturing purposes | $ 1,915,022.34 | | |
| For distribution purposes | 4,402,192.96 | $ 6,317,215.30 | |
| Buildings, plant equipment, etc., at cost— | | | |
| Manufacturing properties | 19,180,835.01 | | |
| *Less* — Reserves for depreciation and amortization | 11,424,908.50 | 7,755,926.51 | |
| Distribution properties | 9,317,026.09 | | |
| *Less*—Reserves for depreciation | 4,200,959.91 | 5,116,066.18 | |
| Rights, privileges, franchises and inventions | | 1.00 | 19,189,208.99 |
| *Note*—The company is also using extensive facilities paid for and owned by customers including the United States Government. | | | |
| **Deferred Charges:** | | | |
| Prepaid insurance and other expenses | | | 466,554.47 |
| | | | $146,130,684.55 |

# CAR COMPANY

ORPORATION)

*y Companies*

et • December 31, 1943

## LIABILITIES

| | | |
|---|---|---|
| **Current Liabilities:** | | |
| Accounts payable and accruals | | $ 25,059,585.25 |
| Reserves for cost adjustments, wholesale discount, product warranty, etc. | | 3,877,334.55 |
| Advances by customer under contracts | | 35,000,000.00 |
| Reserve for income taxes and refund to the United States Government with respect to renegotiation of war contracts (estimated) | | 26,676,069.02 |
| | | $ 90,612,988.82 |
| **Reserve** for contingencies and post-war adjustments | | 3,000,000.00 |
| **Capital Stock:** | | |
| Common (authorized 25,000,000 shares of no par value) | | |
| Issued 15,000,000 shares | | 30,000,000.00 |
| (Includes 8,660 shares issued to Trustee for account of company, not carried as an asset) | | |
| **Capital Surplus** (no change in 1943) | | 12,016,721.20 |
| **Earned Surplus** since May 1, 1935: | | |
| At December 31, 1942 | $ 7,245,521.14 | |
| Net profit for the year 1943 per statement attached | 4,754,587.39 | |
| | $12,000,108.53 | |
| Dividend paid—10 cents per share | 1,499,134.00 | |
| At December 31, 1943 | | 10,500,974.53 |
| | | $146,130,684.55 |

# PACKARD MOTOR CAR COMPANY

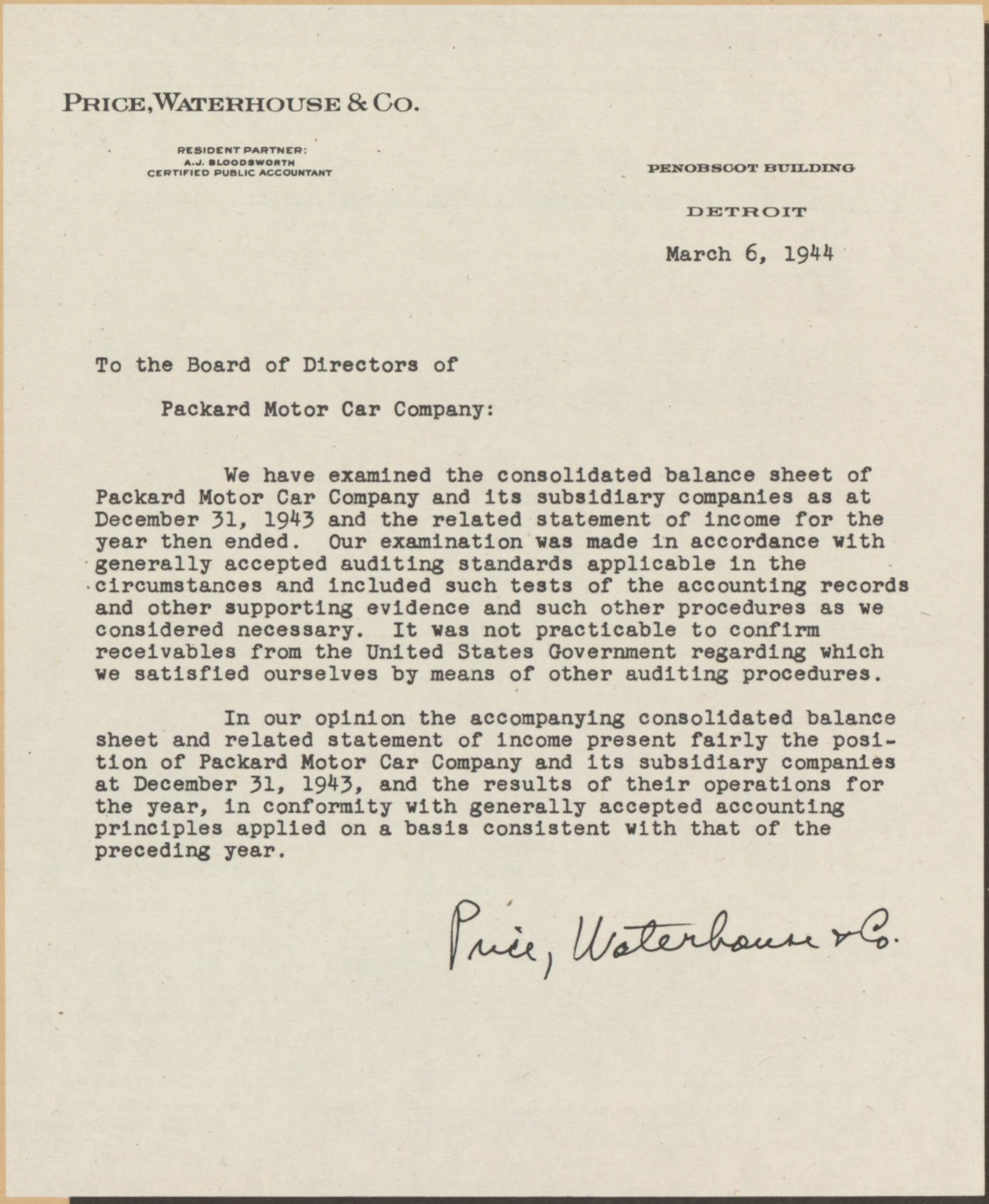
## *and Subsidiary Companies*

## STATEMENT OF INCOME

For the Year Ended December 31, 1943

| | | |
|---|---|---|
| Sales of war products including billable costs and fees on cost-plus-fee contracts, automobiles and service parts after deducting estimated provision for renegotiation of war contracts | | $340,716,931.06 |
| Other income: | | |
| Profit from operations of automotive selling branches and subsidiary companies after deducting $265,837 depreciation | | 339,603.27 |
| Interest, rentals, etc. | | 205,115.85 |
| | | $341,261,650.18 |
| Cost of products sold, including $1,389,903 depreciation and amortization | $311,851,370.38 | |
| Selling, general and administrative expenses | 3,155,692.41 | |
| Provision for contingencies and post-war adjustments | 1,000,000.00 | 316,007,062.79 |
| Balance before Federal taxes on income | | $ 25,254,587.39 |
| Federal taxes on income (estimated): | | |
| Normal tax and surtax | $ 2,140,000.00 | |
| Excess profits tax | 20,400,000.00 | |
| | 22,540,000.00 | |
| *Less*—Post-war refund of excess profits tax | 2,040,000.00 | 20,500,000.00 |
| Net profit for the year including $2,040,000 credit for post-war refund of excess profits tax | | $ 4,754,587.39 |

Renegotiation of 1942 war business resulted in a refund to the United States Government of $3,000,000 which was charged to reserves provided in that year. Provision for renegotiation for 1943 has been made on substantially the same basis as the settlement for the preceding year.



**PRICE, WATERHOUSE & CO.**

RESIDENT PARTNER:
A.J. BLOODSWORTH
CERTIFIED PUBLIC ACCOUNTANT

PENOBSCOT BUILDING
DETROIT

March 6, 1944

To the Board of Directors of

Packard Motor Car Company:

We have examined the consolidated balance sheet of Packard Motor Car Company and its subsidiary companies as at December 31, 1943 and the related statement of income for the year then ended. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included such tests of the accounting records and other supporting evidence and such other procedures as we considered necessary. It was not practicable to confirm receivables from the United States Government regarding which we satisfied ourselves by means of other auditing procedures.

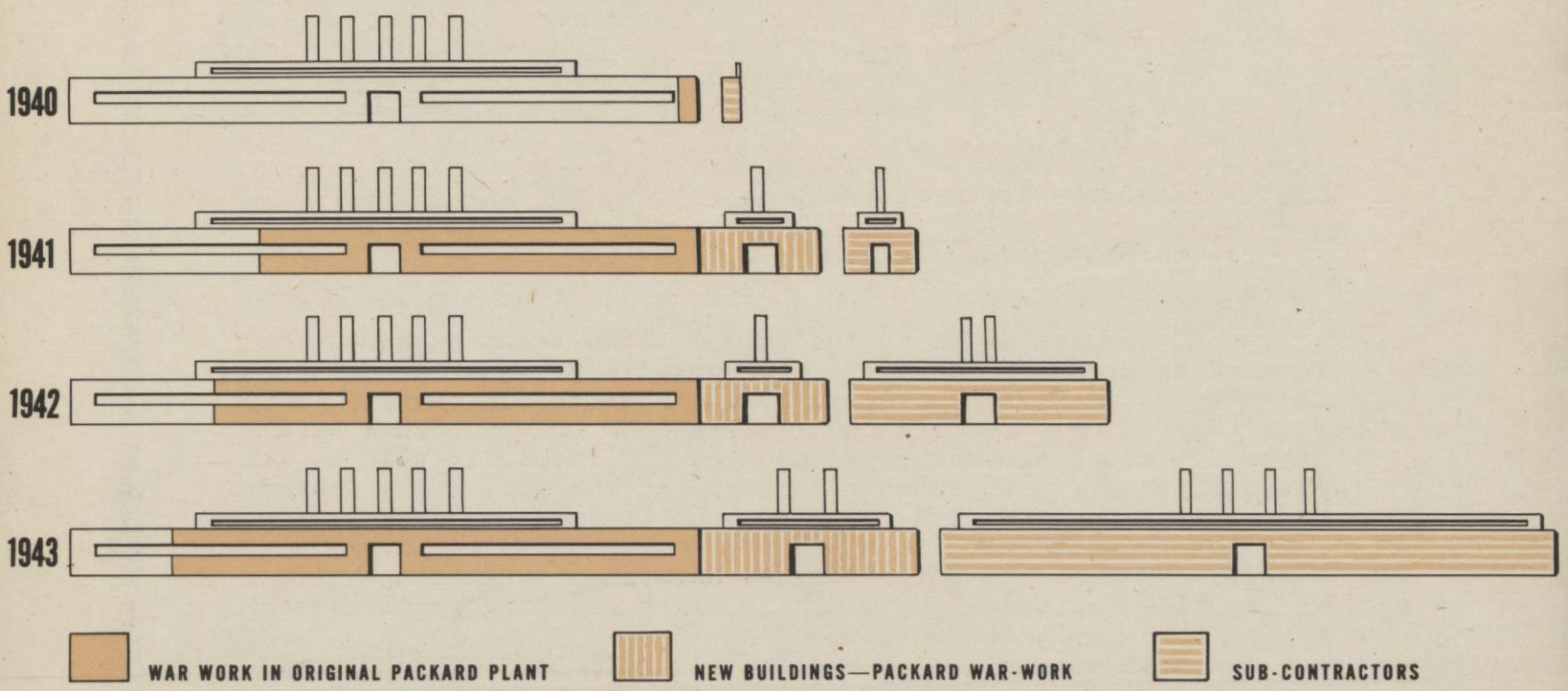
In our opinion the accompanying consolidated balance sheet and related statement of income present fairly the position of Packard Motor Car Company and its subsidiary companies at December 31, 1943, and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price, Waterhouse & Co.

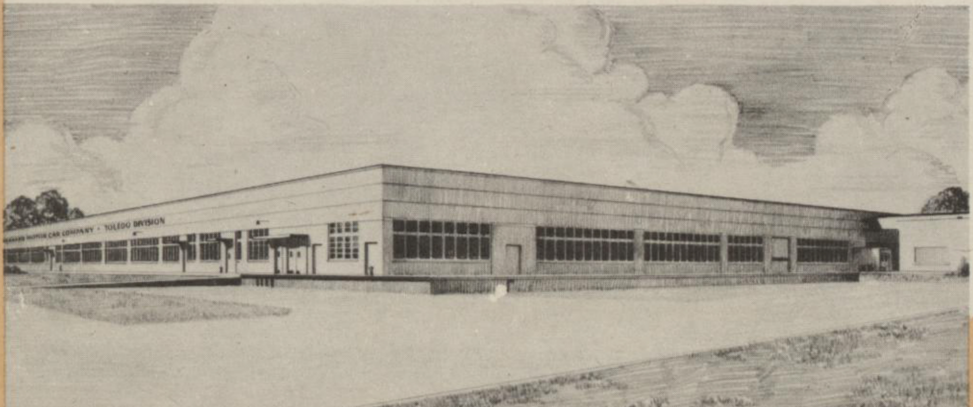
# "WORK TO WIN" AT PACKARD

THE STORY OF PACKARD CONVERSION to war work is told graphically below. To meet the staggering schedules requested by the armed forces has called for "all out" production by Packard and sub-contractors alike. Yet the absorption of floor space is only one indication of the vast war production assignment undertaken at Packard. New manpower, new machines, and new processes were called upon to meet the demands of modern war. Small business joins big business for the job.

**HOW WAR WORK ABSORBED PACKARD PLANT AND SUB-CONTRACTORS FLOOR SPACE**



THROUGH SUB-CONTRACTING, Packard placed $160,678,000 worth of war production orders with 651 plants in 1943. In peacetime, many of these subcontracting plants are the source of parts, accessories and materials for Packard cars. Like prime contractors who have converted their plants to war work, these sub-contractors will face a gigantic re-conversion problem when peace returns. Thus, the task of re-conversion will not be concentrated, but will be industry-wide.

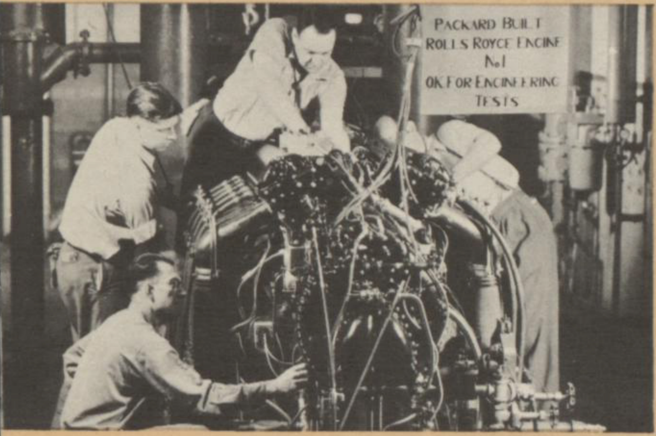


*"Packard Motor Car Company—Toledo Division" is housed in this modern new $5,000,000 Ohio war plant taken over in 1943. It functions as a producer of many vital precision parts for the war engines built at the parent plant.*

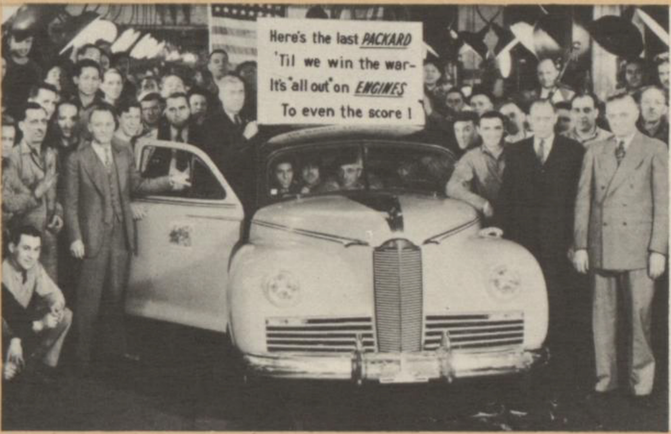
# A RECORD TO BE PROUD OF

**IN MARCH, 1940** *volume shipments start on marine engines. Pioneering in this field placed Packard ready with a fine powerplant for the Navy's brand-new PT boats. Their joint success pyramided engine orders.*

**SEPTEMBER, 1940** *sees steam shovels break ground as Packard signs its first Rolls-Royce engine contract. Building and equipping these war work structures within a year is still called the "10-month miracle."*



**BY AUGUST, 1941** *ten "pilot engines" built by hand are set for engineering tests. They paved the production way for mass output of aircraft engines that shortly followed. Schedules are still climbing.*

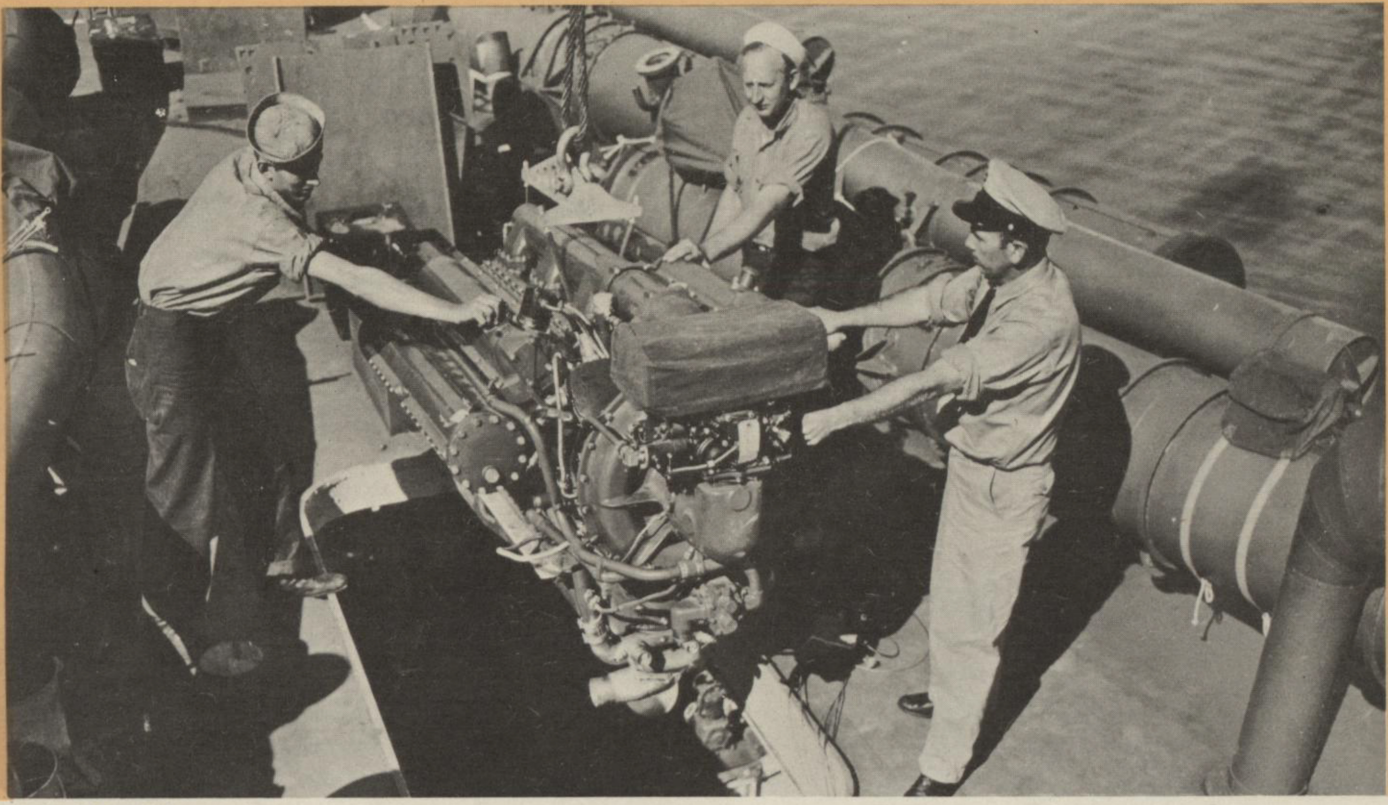


**FEB. 9, 1942** *the last Packard is built. As the car moved down the factory line, maintenance men behind it ripped out conveyor systems and assembly pits. Plant conversion to war work went "all out" overnight.*

**ON A SEPTEMBER, 1943** *plant inspection, Treasury Secretary Morgenthau (center) tells about exposing the Rolls engine to U. S. producers. "Only Packard had the nerve to tackle it, and the job I see done is remarkable."*

**ANY DAY IN 1944** *will see a factory shipping room looking like this. It shows just a portion of a day's production getting off to the world's battle fronts. Several such rooms are needed for steadily rising output.*

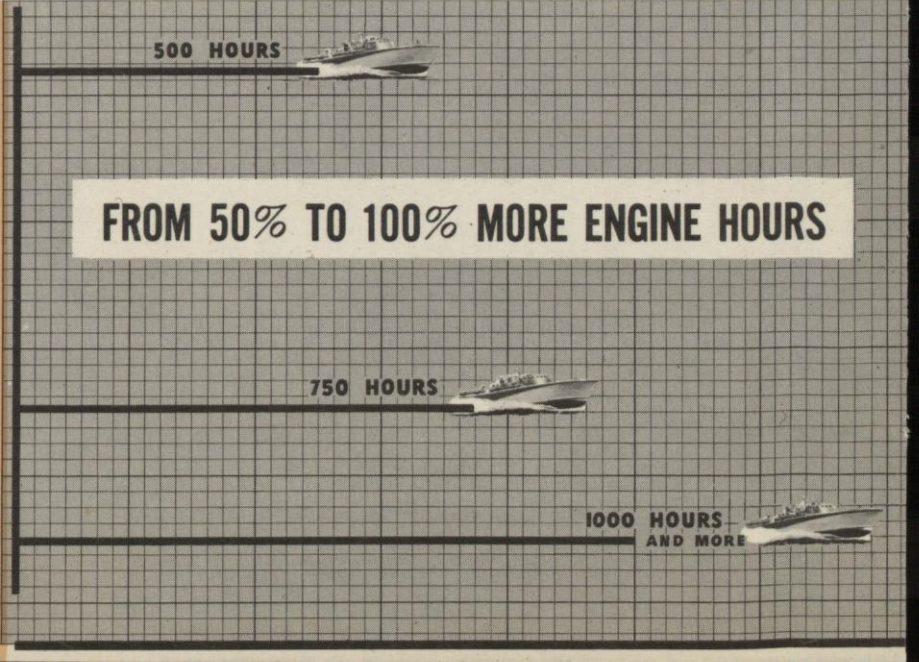
# OUTPUT RATE MAKES PACKARD BIGGEST BUILDERS



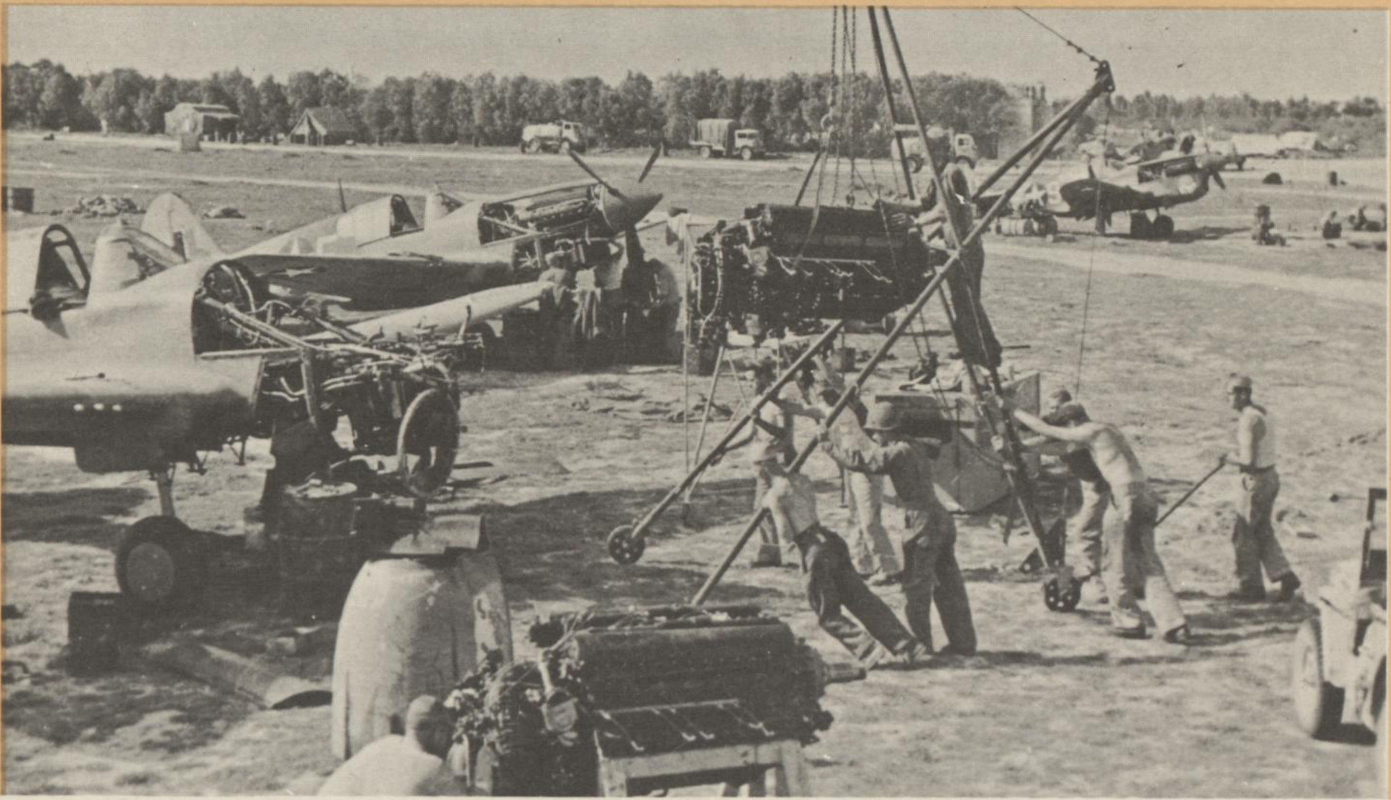
OFFICIAL U. S. NAVY PHOTO

"SPARES" AS WELL AS ORIGINAL-EQUIPMENT ENGINES form the Navy demands on Packard's marine production. Like the ship pictured above, with a Packard motor being swung into the hold for compact and efficient installation, motor torpedo boats of U. S. and Allied Navies are, almost without exception, Packard powered. Men by the thousands from these Navies have come to the factory for training at the Packard Marine Engine School. In it Navy heads, with Packard equipment and personnel, teach PT crews. They learn the mechanics of the engines, three and four to a boat, whose speed and stamina have caused doubling and redoubling of production orders.

*WHAT war use of Packard engines has proven about their durability is clearly shown here. Original tests revealed a safe delivery of unfailing performance for 500 hours without a general overhaul. But war exigencies soon demonstrated that this could easily be extended to 750 hours—a 50% increase. Now, latest battle service reports indicate many an engine clocking 1,000 hours or more, before overhaul.*

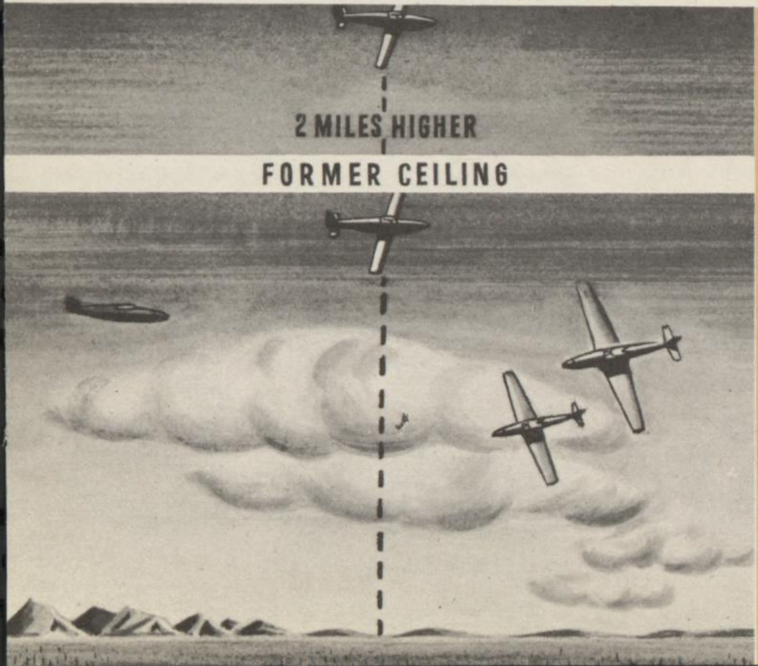


# OF LIQUID COOLED AIRCRAFT-TYPE ENGINES



OFFICIAL U. S. ARMY PHOTO

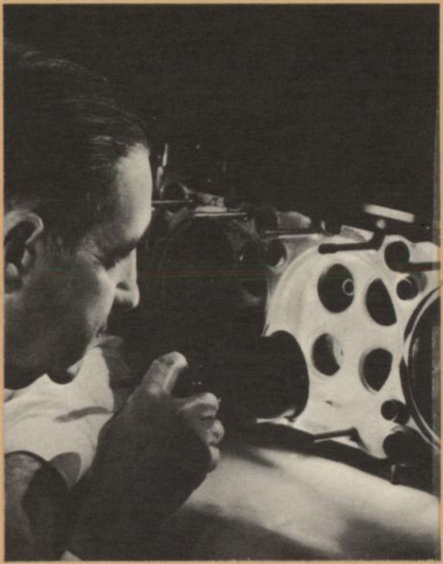
BEHIND THE LINES of the world's battle fronts are frequent scenes like this war picture from North Africa. It shows an overhaul base where Air Forces maintenance men are restoring and replacing Packard-built Rolls-Royce engines for a battle scarred fleet of *Warhawk* fighter planes. Thousands of these service men have been trained for this duty in the Packard Aircraft Engine School at the factory in Detroit. Here, under Army auspices, Packard facilities are devoted to schooling picked candidates from the AAFTTC in maintenance or quick repair, teardown or overhaul of the aircraft engines which Packard must keep building in such volume.



*TWO more miles "up" and many more miles "over" is where U. S. pilots are now making air history. Current news reports reveal them doing it in a new fighter plane, the North American Mustang P-51B. Source of its power is a Packard-built Rolls-Royce aircraft engine. Secret of its performance is a sensational 2-stage, 2-speed supercharger. Perfected by British and Packard engineers with invaluable Army Air Forces collaboration, it helps give the world's best fliers an air weapon worthy of their skill. Packard pays tribute to the great job they are doing with it!*

# NEW PROCESSES SPELL BETTER POST-WAR PACKARDS

**CONTROLLED DESIGN:** *electronics as expressed in the Oscillograph pictured here, spell a way to remove the "unknown" factor from parts' design, for strength and safety. This device, widely used in Packard war production, literally harnesses electric waves to do a searching-out job on vibration and balance.*

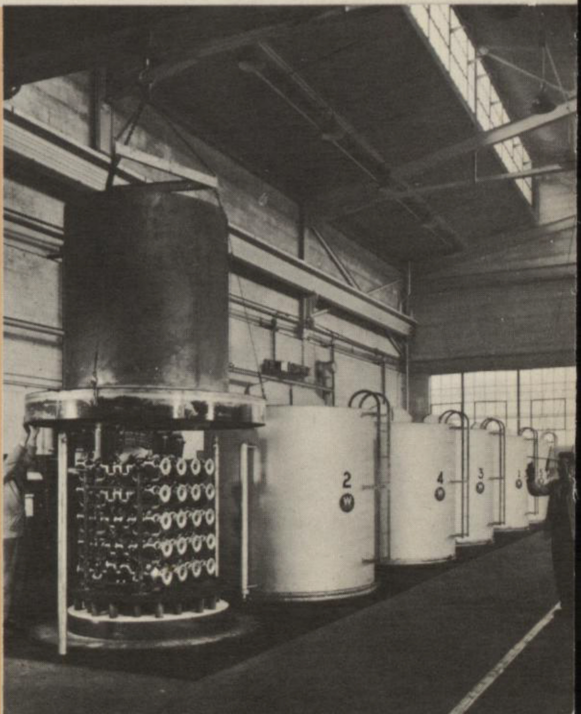


**CONTROLLED MANUFACTURE:** *this is "Black Light" at work to ferret out any defects in manufacture that escape the naked eye. It is closely akin to magnetic inspection and X-ray which war production has brought into greater use. All these processes increase the certainty of better results from basic designs.*

**CONTROLLED FINISH:** *parts in contact where friction and wear occur, need variable finishes. Some require rougher surfaces and others, smoother. Accurate selection of the right finish for the right place is assured by this war-work Profilometer. It measures surface dimensions in micro (millionths) inches!*

Today, packard is "all out" on war production, building an ever rising volume of Packard marine and Rolls-Royce aircraft engines. In keeping with its hallmark of precision manufacture, these war engines are precision-built to exacting standards of accuracy—yet *mass produced* on a volume basis. Automotive practices applied by automotive experts are the answer. It is being supplemented by new advances which, developed to improve and increase war production, can be applied to car manufacture whenever the return of peace permits. Many of these technical improvements hold the promise of better, more economical cars. Their total result can also mean an even longer-lasting Packard.

*High power and light weight—attributes of the aircraft-type engines Packard builds—have brought about startling steps in bearing materials. Platings of silver, lead and indium on the bearing shown here, reveal to the engineers a new design that can improve future car engines.*

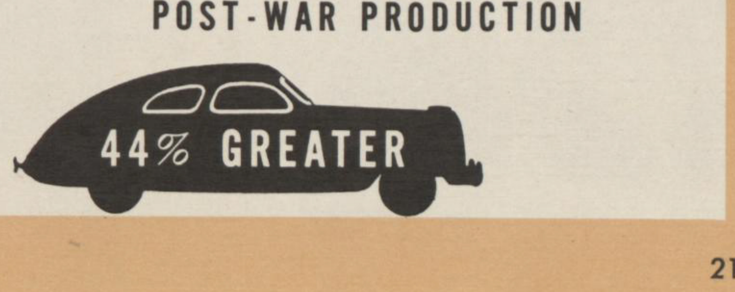


*These nitriding ovens embody just one of many heat treating methods and processes which war production suggests for peacetime use. These contributions to surface hardening make vital parts less liable to wear. Tomorrow's car may give longer life and greater economy as a direct result.*

# POST-WAR PLANNING FOR THE AUTOMOTIVE FUTURE

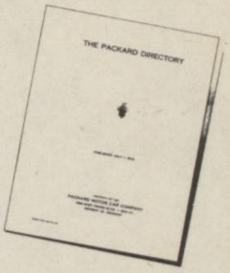
To NEW METHODS AND MATERIALS for the post-war car add a completely new and more efficient plant layout for the automotive future that faces Packard. With plant conversion to war work so early and complete, production planners have the advantage of starting with a clean slate in restoring the factory's peacetime return to car manufacture. Working in off hours, with no interruption of war effort, these experts in "production architecture" have been studying every square inch of factory floor space — then planning its more modern utilization. On huge tables that reproduce plant area, miniature machines and assembly lines in proportionate scale are being laid out for better factory production.

*NOT only better Packards but more Packards are what company planning minds foresee in the post-war era. Business analysts now estimate future car demands at a continuing total far exceeding the automotive industry's best several years. Packard is preparing for its share by a re-design of facilities to boost car output 44 percent. Better handling of materials and more efficient assembly "flow" can result from this factory re-planning. Increased production efficiency throughout, is the expected answer.*



# PACKARD CAR BUSINESS IN WARTIME

"Open for the duration" has become more than a slogan. Now it is a practical principle of business action for Packard dealers. They have tackled their war problems head-on. They have kept their doors open and kept the nation's transportation rolling. By weeding out waste, and by stepping up efficiency, their wartime operations have shown a good profit picture—a well-earned reward for a good job well done. Those who have accomplished it bring the roster of Packard outlets to 95.1 percent of their pre-war strength.



*By adding service stores during 1943 in greater number than dealer cancellations, the second war-year of car business ended with more names in the Packard Dealer Directory than at the beginning.*

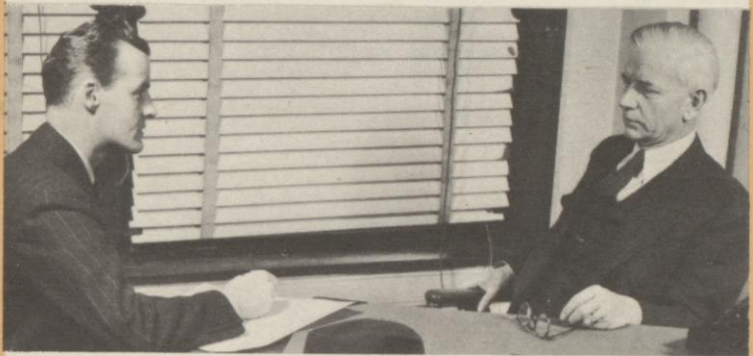
# PACKARD DEALERS KEEP VITAL TRANSPORTATION ROLLING

Despite the lack of new cars to sell, Packard dealers have helped maintain vital transportation by greater used car and service operation. To aid in this result so useful to the war effort, the factory has continued a constructive automotive program. It has kept its experienced field force *intact* to aid and counsel dealers. It has maintained an ample parts supply to prevent service jams. It has furthered a "car health" program to help the owner.

*Whatever the car a stockholder drives, he can help himself and his company by seeking a Packard dealer for a "car health" check and any service work the analysis may suggest.*

# "HOW ARE PRESENT PACKARDS WEATHERING THE WAR?"

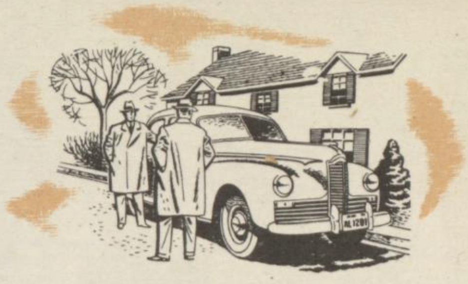
*Wartime driving conditions are testing motor car quality and design as it has never been tested before. A nation-wide survey, recently completed, shows that Packard owners are outstandingly satisfied with their cars.*



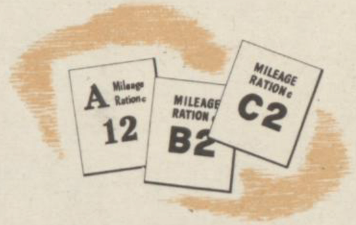
*Owners of competitive makes of cars were interviewed, in addition to Packard drivers. Results reflect greater satisfaction and better operation experienced by Packard owners. This promises a future Packard market.*

*Interviews were numerous and widespread enough to assure a good cross-section of public opinion, in accordance with Dr. George Gallup's methods. Findings are a reliable index of attitudes of car owners today.*

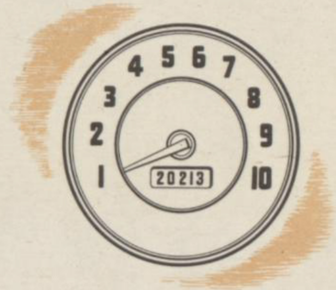
*Reports from all sections of the country verify the splendid record of Packard cars under the stress of duration driving. To "ask the man who owns one" today is to invite an enthusiastic recommendation for Packard!*



**OWNER LOYALTY:** *The percentage of Packard owners who plan to buy another Packard is much higher than the average for other makes — strong proof of owner satisfaction.*



**ECONOMY:** *With tight gas rationing, Packard owners are well satisfied with the economical operation of their cars. Upkeep cost reported by Packard owners was amazingly low.*



**TROUBLE-FREE:** *Nearly half of the Packard owners interviewed had not needed car repairs during 1943. No other make of car studied rivalled Packard for trouble-free operation.*

**FINE SERVICE:** *Regardless of the shortage of mechanics and other wartime handicaps, Packard owners report uniform satisfaction with Packard service and the low cost of repairs.*

# WAR POWER BUILT BY PACKARD

ASK THE MAN WHO OWNS ONE

LITHO IN U. S. A.